

Speaker Pelosi Advocates Higher, European-Style Taxes *Liberal Groups Want President to Break His "Firm Pledge"*

"I can make a firm pledge. Under my plan, no family making less than \$250,000 a year will see any form of tax increase. Not your income tax, not your payroll tax, not your capital gains taxes, not any of your taxes."

—President Barack Obama, [Rally](#) in Dover, New Hampshire, September 12, 2008

"There is no way to restore this nation to fiscal health without higher taxes—for the middle class as well as for the rich. The only question is when."

—Brookings Institution fellows Henry Aaron and Isabel Sawhill, *Washington Post* [op-ed](#), October 13, 2009

Appearing last week on [The Charlie Rose Show](#), House Speaker Nancy Pelosi demonstrated her openness—and desire—for new taxes to pay for health "reform" and other skyrocketing entitlement spending. Worse yet, the form of the tax she proposed would hurt the same struggling middle-class families that Democrats allege health "reform" would assist:

- Asked whether or not a value-added tax (VAT)—a European-style sales tax applied at every level in the manufacturing process, and paid by end users—had "any appeal" to her, the Speaker replied that, "I would say put everything on the table and subject it to the scrutiny that it deserves."
- Talking about an alleged "competitive advantage" that foreign car manufacturers subject to a VAT in Europe hold over their American counterparts, Speaker Pelosi said that, "Somewhere along the way, [imposing an American] value-added tax plays into this....In the scheme of things, I think it's fair [to] look at a value-added tax as well."
- Many economists have noted that, by taxing consumption more heavily, a VAT would place a disproportionate burden on low- and middle-income families. Other [experts](#) have noted that a value-added tax could reduce long-term economic growth by more than one percent annually; even a relatively small VAT of 3 percent would demolish or destroy up to 2.1 million jobs by its fifth year.
- The Speaker's comments come on the heels of a summit hosted by the liberal Center for American Progress—key allies of the Administration—where speakers discussed the organization's recent [paper](#) calling for tax increases to combat high federal deficits: "We have the fifth lowest taxes as a share of GDP among economically developed nations...If we raised taxes in aggregate to a level that would safely balance the budget, the United States would still be in the bottom 10 out of 30." While the paper notes that such higher taxes—a 22 percent across-the-board increase in every tax rate—would raise trillions, it fails to mention that many of the European developed nations with higher tax rates also have exhibited lower economic growth precisely because of those higher tax policies.

- In addition, two researchers from the liberal Brookings Institution wrote an [op-ed](#) in Monday's *Washington Post* noting that, "There is no way to restore this nation to fiscal health without higher taxes—for the middle class as well as for the rich. The only question is when." The analysts also call for a value added tax to "solve America's long-term fiscal problems"—and despite the evidence noted above, assert that a VAT "would also support and sustain the economic recovery." Many may question how imposing trillions of dollars in job-killing tax hikes would ever grow the American economy.

Given her comments, many may question whether Speaker Pelosi believes that the more than \$800 billion in tax increases in the House's health "reform" legislation (H.R. 3200) are insufficient to finance the full measure of Democrats' appetite for government spending. Moreover, with multiple liberal organizations calling for future tax rises to pay for skyrocketing federal spending, many may question whether the majority is engaging in a "bait and switch" with the American people—by failing to disclose exactly how many trillions in new, job-killing taxes will be needed to finance their government takeover of health care.

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